

Wyoming State Legislature

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DATE: October 25, 2013

TO: Members, Joint Appropriations Committee

FROM: Senator Hank Coe, JEC CoChair
Representative Matt Teeters, JEC CoChair

SUBJECT: Recommendations on School Finance ECA.

In accordance with W.S. 21-13-309(o) and (u), and on behalf of the Joint Education Committee, the Committee submits its recommendation on an external cost adjustment to the education resource block grant funding model for both school years contained within the 2015-2016 biennium. The specific motion adopted by the Committee is as follows:

"The Joint Education Committee forwards a recommendation to the Joint Appropriations Committee to support external cost adjustments for education each year of the 2015-2016 biennial budget to account for inflation and ensure that purchasing power is not degraded from 2013-2014 levels. The Committee requests that staff provide appropriate indices for projecting the required adjustments."

Staff approached the recommended external cost adjustment by using the cost indices recognized by legislative consultants for application of any external cost adjustment. Each component within each major funding model category was adjusted by the appropriate cost index for that component. The following represents the identified indices for each funding model component category:

MODEL COMPONENT	RECOMMENDED COST INDICES
Professional Staff	Updated Wyoming Comparative Wage Index (2.09%)
Nonprofessional Staff	Updated Wyoming High School Comparative Wage Index (1.91%)
Energy	Weighted Average of the BLS Producer Price Index for Commercial Electricity and Natural Gas (-1.05%)
Materials/Supplies	BLS Producer Price Index for Office Supplies (1.44%)

Using the above indices applied to the education resource block grant funding model for fiscal year 2015, the estimated cost is \$19.25

million. This same amount would be sustained in fiscal year 2016, for a total biennial cost of \$38.5 million. This estimate does not take into consideration the cost indices that under the adopted motion, would be calculated for fiscal year 2016. This additional computation would result in a compounded adjustment to the entire biennial cost, the amount of which is unknown until relevant data is collected and analyzed within the 2014 model monitoring report series.

Note: the biennial cost estimate provided by staff as of this date will be subject to precision in accordance with updated BLS cost indices for energy and materials/supplies.

Additionally, an adjustment to the components of the consultant's cost-based model comprising the materials/supplies and energy categories is made as a function of the model monitoring report series. These adjustments are to update the components in accordance with appropriate indices for each component category and are to the consultant recommendations contained in the 2010 cost of education study, not to the block grant model adopted by the Legislature.

On behalf of the members of the Joint Education Committee, the recommendations are submitted for your consideration. The Committee looks forward to working with members of JAC in proceeding with this matter during the 2014 Budget Session.

CC: Members, JEC
Senator Tony Ross/Representative Tom Lubnau
Governor Matthew H. Mead
Mary Kay Hill, Governor's Office
Bill Mai, A&I Economic & Analysis Division